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Watch Committee conclusions--Middle East: A deliberate initiation of hostilities in the Middle East is considered unlikely in the near future. However, serious incidents are likely to recur. In Lebanon, where the current crisis represents a severe threat to the continued existence of the state as presently constituted, the opposition to Chamoun is being exploited by a number of neutralist and anti-Western elements, including the UAR and the Lebanese Communists. There is no evidence available to indicate military participation by the Soviet bloc or by Israel. There is evidence of considerable intervention by the UAR, including armed irregulars, but military dispositions do not indicate an intention openly to intervene in force.

[Redacted] Indonesia: Three central government B-25's and two F-51's on 15 May bombed and strafed the dissident airfield, town and harbor at Menado, destroying two C-45's, one PBY, and one F-51. Two other F-51's and the airfield runway were slightly damaged. [Redacted]
 (Page 6) (Map)

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JK

Algeria: General de Gaulle's declaration on 15 May will probably have the immediate effect of strengthening the determination of rightist elements in Algeria to maintain pressure for a change of regime in Paris. A majority of the 1,200,000 resident Europeans appears to support the

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actions taken so far. The Pflimlin government has ordered regional military commanders in Algeria to report directly to the Ministry of Defense rather than to Algiers headquarters, where commanding General Salan appears to be identifying himself more closely with the position of General Massu and the Algiers "committee of public safety." The local military have assumed control throughout Algeria. Their reaction to Pflimlin's order is not known.

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Tunisia: The situation remains quiet throughout the country. Special security measures imposed by the Tunisian Government after the civilian-military coup in Algiers are now in force throughout the country.

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*Nasir's Moscow visit: The joint communique marking the end of Nasir's visit to the USSR, while giving the impression that his Kremlin talks have solidified Soviet-Egyptian relations, reveals no new developments. The communique carefully avoids any reference to decisions reached in the top-level discussions, and addresses itself to such obvious

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topics as colonialism, Algeria, Yemen, and nuclear tests. Nasir and Khrushchev call for an end to foreign "interference" in Indonesia, and give their full support to the "legitimate rights" of the Palestinian Arabs. The cryptic approval of "nonaggression treaties between states" as a means of reducing international tensions may foreshadow future action between Moscow and Cairo. The Soviet leaders' acceptance of Nasir's formal invitation to visit the United Arab Republic suggests that the momentum of Egyptian-Soviet relations will be maintained.

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*France (Information as of 0200): Prospects that the Pflimlin government can soon reassert control over French authorities in Algeria were dimmed on 15 May when Pflimlin was unable to broaden his government by obtaining full Independent party support, and rightists, particularly those in Algeria, were encouraged by De Gaulle's statement that he was "ready to assume the powers of the republic." The government admits that it has little solid information on the attitude of the military, even in France itself. Thus far, however, there has been little public reaction to De Gaulle's bid.

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OK

Berlin: Bonn's decision to hold official talks on 16 May with East German ministerial representatives on the new tolls imposed on barge traffic to Berlin is a major tactical concession.

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DR

Guatemala: Ambassador Mallory is concerned over the possibility of anti-American disturbances during the scheduled visit of Dr. Milton Eisenhower next month. President Ydigoras has been weak and vacillating; Communists and pro-Communists are becoming bolder; and the political atmosphere is conducive to demonstrations of extreme nationalism. [redacted]

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No

Bolivia: A revolutionary outbreak in the province of Santa Cruz appears to have been suppressed without bloodshed by the government's action on 14 May in declaring a state of siege and sending troops to the area. [redacted]

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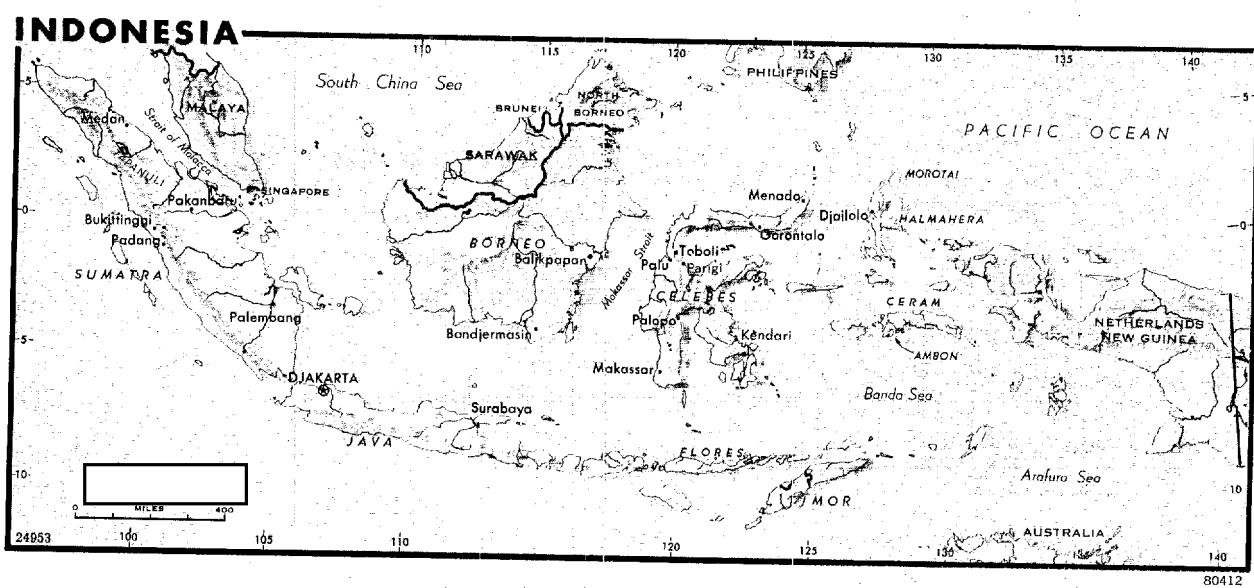
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Indonesian Situation

The dissident capital at Menado, its airfield and harbor were bombed and strafed on 15 May by three government B-25's and two F-51's, [redacted] The government destroyed two C-45's, one PBY, and one F-51 and damaged two F-51's and the airfield runway. The dissidents' B-26 aircraft apparently were not damaged.

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The government air strike presumably was made in an effort to neutralize the dissident air force before proceeding with amphibious attacks on dissident targets in Celebes, Morotai, and Halmahera. Dissident air activity continued through 15 May, however, with bombings of Ambon on 13 and 15 May and of the Palu area in North Celebes on 13 May.

Although the Indonesian Army is reported to have prohibited the holding of a mass "anti-intervention" rally in Djakarta on 16 May, the three major non-Communist parties as well as the Communist party have committed themselves to participate. The American Embassy comments that it will be significant if the army follows through on its reported ban in view of the endorsement of the meeting by all major parties.

The renewal of charges and countercharges between the Philippines and the Djakarta government appears to have further strained the relations between the two countries. The Philippine defense secretary has charged recently that the USSR is assisting in Djakarta's operations against the rebels and has warned of a Communist take-over in Indonesia. On 14 May, Philippine President Garcia publicly supported the statements of his cabinet minister. The Indonesian Government has repeatedly accused the Philippines of assisting the rebels, and the Indonesian leftist press has recently claimed that 2,500 Philippine volunteers are fighting with the dissidents.

Japanese Vice Premier Yamada has indicated to American officials Japan's willingness to help stabilize the Indonesian situation by trying to persuade President Sukarno to compromise with the dissidents. Yamada said Japan also hopes to strengthen economic ties with Indonesia through the reparations program and thereby undercut Sino-Soviet offers.

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Situation in Algeria

General de Gaulle's statement has apparently encouraged dominant military and rightist civilian elements in Algeria--among whom indications of disunity had begun to appear--to maintain pressure for a change of regime in Paris. The army's tightening of security controls on 15 May helped forestall new disorders but tension remains high, especially in Algiers, where a crowd of several thousand Europeans greeted De Gaulle's statement with a lengthy ovation.

A military spokesman for General Massu's "committee of public safety" in Algiers said De Gaulle's declaration was "decisive for our action" and would allow the "rapid development of the situation." He also announced that representatives from 129 "public safety" committees throughout Algeria would meet in Algiers on 16 May to set up an Algeria-wide committee, which could formulate political policy until De Gaulle can take over in Paris. However, the spokesman's evasiveness as to the committee's course if De Gaulle does not gain power suggests that at least some of the present leaders in Algiers want to keep a path open for reconciliation with the present Paris regime. A tenuous link still exists between Paris and the Algerian committees in their mutual recognition of General Salan as the titular authority in Algeria.

New strains were imposed on this link when Salan, at the conclusion of a brief public speech prior to De Gaulle's pronouncement, specifically acclaimed De Gaulle. Salan's action appears to have momentarily reassured civilian extremists whose suspicions of Salan's real intentions had been aroused. At the same time, the Pflimlin government, despite its earlier statements implying Salan's complete loyalty to Paris, ordered regional field commanders in Algeria to report directly to the Ministry of Defense in Paris rather than to Algiers headquarters.

Clashes between French army elements and National Liberation Front (FLN) guerrillas appear to have tapered

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off considerably since the 13 May coup.

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Tunisian Reaction to Developments in Algeria

Tunisia remains quiet, the Tunisian Army is on an alert basis, and other special security measures are in force throughout the country following the 13 May coup in Algiers.

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Nevertheless, the Tunisians are closely observing all French military activities, and continue to fear the intentions of these French forces which have been confined to their bases on Bourguiba's order since 8 February. Mokkadem informed the American Embassy in Tunis that reports of activity early on 14 May at the French air base near Tunis and at a nearby radar installation turned out to be false alarms.

Members of the Neo-Destour party and other public organizations are on emergency call in the event of trouble. A Neo-Destour leader claims that he fears an attempt by agents of the United Arab Republic to stir up trouble in Tunisia and authorities are being "particularly alert" to the possibility.

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III. THE WEST

French Political Crisis (Information as of 0200)

French Independent party refusal to let party leader Pinay participate in the government, as requested by Premier Pflimlin, jeopardizes the premier's ability to rally a more broadly based government in time to re-impose Paris' authority over the defiant military and French settler elements in Algeria. A top Pflimlin aide admitted to an American embassy official on 15 May that the government has "very little solid information as to what the military is up to," even in France.

General de Gaulle's 15 May pronouncement of readiness "to assume the powers of the republic" thus far has apparently aroused little positive public reaction in France itself, where most political elements have rallied to "defend the republic." The embassy notes that there is also a widespread determination that means must be found to avoid the secession of Algeria at all costs. The growth of pressure in Algeria for De Gaulle's return to power seems unlikely to be affected by the measures Pflimlin has asked parliament to approve on 16 May--declaration of a state of emergency and dissolution of several extreme rightist groups.

The Communists are trying to use the threat of De Gaulle's return as pressure for the formation of a popular front to "save the republic." The Communist-dominated General Labor Confederation is reported calling for symbolic work stoppages, possibly with a view to broadening them into a general strike.

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West Berlin Waterways Question

Bonn's cabinet decision of 14 May to send ministerial representatives to negotiate with the East Germans on the Berlin waterways question is a major tactical concession reflecting Bonn's reluctance to apply effective counter-measures against the new East German tax on barge shipping.

Bonn has previously refused to negotiate above the technical level. In a similar situation in 1955, negotiations with the East Germans were conducted by a Hamburg waterways office. Preliminary talks on 9 and 10 May this year were conducted by the interzonal trade representatives, who are also technical experts. Now Bonn's representatives will include a department chief from the Ministry of Transportation.

The East German regime has thus made some gains toward its primary goal of establishing government-level relations with Bonn. The East Germans can be expected to exploit the meeting to the fullest as evidence that the two Germanies are equal, in the hope that other Western countries will then find it feasible to establish closer relations with East Germany. Having achieved a meeting at the ministry level, the East Germans will probably be amenable to reducing the barge toll in return for a satisfactory compensation by West Germany for flood damages East Germany expects to result from the projected Geesthacht Dam on the Elbe River.

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Leftist Trend in Guatemala Considered Threat to
Visit of Dr. Milton Eisenhower

The political atmosphere in Guatemala is conducive to continuing Communist gains and to the development of extreme nationalism and anti-Americanism. American Ambassador Mallory fears that Communists and other anti-American elements, such as leftist student groups, may feel encouraged to instigate disorders during the scheduled visit of Dr. Milton Eisenhower, tentatively set for 15 to 19 June.

President Ydígoras

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[redacted] has made no effort to control or counteract the activities of returning exiles and other Communists and pro-Communists, who are daily becoming bolder and more active. The President lacks well-organized political support and has failed to develop a program with popular appeal. Although a conservative by background and temperament, his actions and statements during his first two months in office suggest that he probably hopes to gain the support of at least some leftist, non-Communist groups. Apparently impressed by the ability and growing strength of the leftists, he will probably go out of his way to avoid offending them.

Pro- and anti-Communist factions of the fast-growing leftist Revolutionary party are already maneuvering for control at the party convention scheduled to begin on 25

June.

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